



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 75** HLS 25RS 342
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 8, 2025 4:35 PM **Author:** MCCORMICK
Dept./Agy.: Energy and Natural Resources **Analyst:** Mimi Blanchard
Subject: Pore space compensation in carbon dioxide geologic storage

ENERGY/CONSERVATION EG SEE FISC NOTE GF RV Page 1 of 1
 Provides relative to compensation for pore space owners

Current law: Requires unitization orders to provide for just and equitable compensation to all owners in interest and to specify a method for determining the distribution of benefits.

Proposed law: Retains these requirements and further provides that each non-consenting owner in interest must be compensated at a per-acre rate no less than the average paid to other owners in the unit. Proposed law also authorizes the court to request information necessary to determine just compensation when reviewing compensation for non-contracting owners. Proposed law requires unit operators to either compensate non-consenting mineral owners for the value of stranded minerals beneath the unit or reimburse them for material costs incurred to drill through the unit.

Effective August 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. All potential expenditures required of DENR will be reimbursed by the CCS operators.

REVENUE EXPLANATION

The bill mandates that non-consenting pore space owners in any Carbon Capture and Storage (CCS) project unitization must be compensated at no less than the average per-acre rate paid to other owners in the unit. It also requires unit operators to compensate non-consenting mineral owners for stranded minerals or reimburse them for department-required drilling costs. The Department of Energy and Natural Resources reports that the proposed law may affect the economic viability of CCS project participation in Louisiana due to cost considerations. To the extent that participation rates in CCS projects on state-owned lands and water bottoms are affected by the proposed compensation changes, there may be a corresponding impact on state and local revenues, as lease payments generated under state storage agreements adjust to a higher or lower parity rate. Any potential fiscal effect would depend on whether projects proceed and how new units are structured.

For illustrative purposes, there are currently six CCS operating agreements under contract by the state, covering approximately 240,000 total acres in 12 parishes. State lease payments are allocated 40% to SGF, 30% to the Mineral and Energy Operation Fund (M&EO Fund), and 30% to the parish governing authority where the injection site is located.* 100% of revenues collected from contracts existing on wildlife management areas (WMA) regulated by the Department of Wildlife and Fisheries are dedicated to the Office of Mineral Resources Conservation Fund for the WMA. There are two contracts with operations on Maurepas Swamp WMA that contribute to this fund. Historical payments (in millions) are shown below:

Fiscal Year**	FY 22	FY 23	FY 24	FY 25
SGF	\$3.3 M	\$7.3 M	\$6.7 M	\$3.1 M
Statutory Dedications	\$4.3	\$5.0	\$13.9	\$6.9
Local	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$5.0</u>	<u>\$2.3</u>
Total	\$7.6 M	\$12.3 M	\$25.7 M	\$12.3 M

* Current allocations are authorized by Act 378 of the 2023 RS. Prior law stipulated that bonus payments were deposited to SGF, liquidated damages were deposited to the M&EO Fund, and injection payments were split 75% to SGF and 25% to the M&EO Fund.

** FY 22, FY 23, and FY 24 collections are Actuals, FY 25 collections are Year-To-Date.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
 Deputy Fiscal Officer